

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 1999-308-C - ORDER NO. 1999-618
SEPTEMBER 1, 1999

IN RE: Application of Sandhill PCS, LLC for a) ORDER ✓*NR*
Certificate of Public Convenience and) GRANTING
Necessity to Provide Resold Interexchange) CERTIFICATE
Telecommunications Services within the State)
of South Carolina.)

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Sandhill PCS, LLC ("Sandhill" or the "Company") for a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of intrastate interexchange telecommunications services in the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1998) and the Regulations of the Public Service Commission of South Carolina. By its Application, Sandhill also requested alternative regulation of its business service offerings identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C.

The Commission's Executive Director instructed the Company to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of Sandhill's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. Sandhill complied with this instruction and provided the

Commission with proof of publication of the Notice of Filing. No Petitions to Intervene or Protests were filed.

Sandhill filed a Motion for Expedited Review of Application. By its Motion, the Company requested that the Commission grant expedited review of its application and waive the requirement of a formal hearing on the application. In support of its Motion, the Company offered that it had published the Notice of Filing and that no comments or Petitions to Intervene were filed regarding the application. Sandhill is a subsidiary of Sandhill Telephone Cooperative, Inc., a certified established incumbent local exchange company in Jefferson, South Carolina. Sandhill stated further that it waives its right to a formal hearing on the application and stated that the Commission has the discretion under S.C. Code Ann. §58-9-280(A) to consider the application without a hearing. In support of the Motion and for consideration of the application, Sandhill filed the verified testimony of Irvin B. Williams, President of Sandhill PCS, LLC.

Upon consideration of the Company's Motion, the Commission finds and concludes that the Motion for Expedited Review should be granted. The Commission finds that a waiver of the formal hearing is in the public interest and will therefore consider the application without the necessity of a formal hearing.

The verified testimony of Irvin B. Williams, President of Sandhill PCS, LLC, reveals that the Company seeks to operate as a reseller of interexchange telecommunications services from points of origin within the State of South Carolina to points of termination within South Carolina, other parts of the United States, and foreign countries. Mr. Williams stated Sandhill will use MCI, Sprint, LCI and/or other facilities-

based interexchange carriers to provide transmission and switching services to its customers. The Company plans to offer its services to residential and business customers.

The testimony reveals Sandhill intends to market its services under the name Sandhill Communications, L.L.C. Mr. Williams also discussed Sandhill's technical, financial, and managerial resources to provide the services for which it seeks authority to provide. Mr. Williams offered Sandhill is a subsidiary of Sandhill Telephone Cooperative, Inc., an established incumbent local exchange company in Jefferson, South Carolina. Further, Mr. Williams' testimony indicates Sandhill's management team has significant telecommunications experience and training which will allow Sandhill to provide high-quality service. In addition, the testimony reveals Sandhill will contract with Sandhill Telephone Cooperative, Inc. to utilize its management and technical staff, and to utilize its billing and collection service and repair services, which will permit its customers to receive one bill for telephone service and to call one number for any telephone service, billing or repair problem. The Company is requesting alternative regulation of its business services, operator services, and consumer calling card services to be regulated in a manner comparable to that approved for AT&T in Commission Docket No. 95-661-C.

Mr. Williams also offered that approval of Sandhill's application would positively benefit the public in South Carolina in several ways. First, according to Mr. Williams, rates will be at a reasonable and favorable competitive comparison with other providers' toll rates. Second, Sandhill will provide customers the ability to deal with a local

business that is already familiar with the customers and their telecommunications needs.

Finally, the customers in South Carolina will benefit from Sandhill's services because customers will be able to receive a single bill for all communications services.

After full consideration of the applicable law, the Company's Motion for Expedited Review, the Company's Application, and the verified testimony of Mr. Williams, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Sandhill is organized as a corporation under the laws of the State of South Carolina and its Articles of Incorporation are filed with the Secretary of State of South Carolina.

2. Sandhill wishes to operate as a non-facilities based reseller of interexchange services in South Carolina.

3. Sandhill has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Sandhill to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through its own facilities and through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for Sandhill for its resale of residential services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. Sandhill shall not adjust its residential rates below the approved maximum level without notice to the Commission and to the public. Sandhill shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for residential services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1998).

4. With respect to Sandhill's business service offerings including operator services, and consumer calling card services, the Commission adopts a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. Under this relaxed regulatory scheme, tariff filings for

business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further order of the Commission. Any relaxation in the future reporting requirements that may be adopted for AT&T shall apply to Sandhill also.

5. If it has not already done so by the date of issuance of this Order, Sandhill shall file its revised tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

6. That Sandhill should be issued and allowed to hold its Certificate of Public Convenience and Necessity as long as the following safeguards are instituted and employed by Sandhill and employed and implemented by its related telephone utility, Sandhill Telephone Cooperative, Inc.:

- a. That Sandhill Telephone Cooperative, Inc. make available to all requesting interexchange carriers the identical contractual services at the same terms provided to Sandhill PCS, LLC.
- b. That all confidential information received from any interexchange carriers by Sandhill Telephone Cooperative, Inc. be protected from Sandhill PCS, LLC unless all other interexchange carriers are given access to the identical information.

- c. That the contracts between Sandhill Telephone Cooperative, Inc. and Sandhill PCS, LLC be subject to review by the Commission, including the reasonableness of the rates.
- d. That Sandhill PCS, LLC maintain a separate set of books, and separate studies, time cards, or any other necessary information sources used to allocate costs between Sandhill PCS, LLC and Sandhill Telephone Cooperative, Inc.
- e. That safeguards be employed by Sandhill Telephone Cooperative, Inc. in any future equal access pre-subscription process to insure that Sandhill PCS, LLC will not receive any preference in that procedure, and that all carriers have been treated fairly.

7. Sandhill is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

8. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

9. Sandhill shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by the Commission. If Sandhill changes underlying carriers, it shall notify the Commission in writing.

10. With regard to the origination and termination of toll calls within the same LATA, Sandhill shall comply with the terms of Order No. 93-462, Order Approving

Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

11. Sandhill shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

12. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. Sandhill shall file the names, addresses, and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Attachment B shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

13. As a condition of offering debit card services, the Commission requires the Company to post with the Commission a bond in the form of a Certificate of Deposit worth \$5,000 drawn in the name of the Public Service Commission of South Carolina or a surety bond in the amount of \$5,000 which is payable to the Commission. The Certificate of Deposit shall be drawn on federal or state chartered banks or savings and loan associations which maintain an office in this state and whose accounts are insured by

either the FDIC or the Federal Savings and Loan Insurance Corporation. A surety bond shall be issued by a duly licensed bonding or insurance company authorized to do business in South Carolina. This condition may be reviewed in one year.

14. If the Company sells its debit cards to retail establishments for resale of the debit cards, and the retailer of the debit cards deviates from the suggested retail price as filed in the tariff, or as approved by the Commission in a special promotion, then the Company will withdraw its cards from that retail outlet. This Commission strongly suggests that the Company enter into written agreements with its South Carolina retail outlets regarding this policy of abiding by suggested retail pricing prior to the outlet marketing the card.

15. As Sandhill proposes to provide operator services in aggregator locations, Sandhill shall comply with the following conditions:

- a. For intrastate 0+ operator assisted and calling card calls originating from pay telephones outside confinement facilities and at aggregator locations, Sandhill may not impose operator service charges greater than the intrastate charges then currently approved for AT&T. For the usage portion of the call, Sandhill PCS may not charge more than the intrastate rates charged by AT&T Communications or BellSouth at the time the call is completed.
- b. Sandhill is allowed to incorporate in its tariff a surcharge (property imposed fee) on operator-assisted and calling cards not to exceed \$1.00 for calls originating from payphone (excluding pay telephones associated with

inmate calling service) and from aggregator locations, only if the property owner has not added a surcharge already. That is, Sandhill may not impose an additional surcharge to calls originating from pay telephones and from aggregator locations if a property owner has already imposed such a surcharge. If such a surcharge is applied by Sandhill on behalf of the property owner, Sandhill is directed to pay the surcharge in its entirety to the property owner. Further, if the surcharge is applied, the end user should be notified of the imposition of the surcharge. This notification should be included in the information pieces identifying Sandhill as the operator service provider at that location.

- c. Sandhill is required to provide information pieces to pay telephone service providers or property owners identifying Sandhill as the provider of the operator service for authorized calls originating from the location.

Sandhill is required to brand all calls identifying itself as the carrier. The information pieces shall be consistent with the format approved by the Commission in Order No. 93-811, issued in Docket No. 92-557-C.

- d. Regarding the provision of operator services, Sandhill shall comply with the Operator Service Provider Guidelines approved in Order No. 93-534, issued in Docket No. 93-026-C.

16. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

17. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

VICE

ATTEST:


Executive Director

(SEAL)

**ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S**

COMPANY NAME

FEI NO.

ADDRESS

CITY, STATE, ZIP CODE

PHONE NUMBER

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR
12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- * THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN
PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF
CONSTRUCTION AND CUSTOMER DEPOSITS.
- (4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING
_____.
- * THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.
- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT
OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS
METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3
ABOVE).

SIGNATURE

NAME (PLEASE TYPE OF PRINT)

TITLE

DOCKET NO. 1999-308-C - ORDER NO. 1999-618
SEPTEMBER 1, 1999
ATTACHMENT B

**INFORMATION OF THE AUTHORIZED UTILITY
REPRESENTATIVES FOR INTEREXCHANGE, LOCAL
AND AOS COMPANIES**

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION
REGULATION 103-612.2.4(b), each utility shall file and maintain with the Commission
the name, title, address, and telephone number of the persons who should be contacted in
connection with Customer Relations/Complaints.

Company Name/DBA Name

Business Address

City, State, Zip Code

Authorized Utility Representative (Please Print or Type)

Telephone Number

Fax Number

E-Mail Address

This form was completed by Signature

If you have any questions, contact the Consumer Services Department at 803-896-5230